

Message Text

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16

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 SSO-00 NSCE-00 INRE-00 USIE-00

CAB-09 CIAE-00 COME-00 DODE-00 INR-10 NSAE-00 RSC-01

FAA-00 L-03 PRS-01 PA-03 NSC-10 SS-15 H-03 RSR-01

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC IMMEDIATE 9026

C O N F I D E N T I A L SEOUL 4742

E.O. 11652: GDS

TAGS: ETRN, XP

SUBJECT: CIVAIR: KOREAN CAB VIEW ON EXCHANGE RATE SURCHARGE
DISCONTINUANCE.

REF: STATE 139484

BEGIN SUMMARY: KOREAN CIVIL AVIATION BUREAU (KCAB) IS
DISTURBED BY NORTHWEST ORIENT AIRLINES (NWA) ANNOUNCEMENT
OF LOWER FARES TO U.S. RESULTING FROM 5PCT EXCHANGE RATE
ADJUSTMENT. KCAB REQUESTED EMBASSY OBTAIN DEPARTMENT
VIEWS AS TO POSSIBLE VIOLATION BILATERAL CIVIL AVIATION
AGREEMENT. END SUMMARY.

1. ON JULY 19 NWA ANNOUNCED REMOVAL 5PCT EXCHANGE RATE
ADJUSTMENT ON NORTH-CENTRAL PACIFIC AIR FARES AND SOLD
TICKETS AT PRE-ADJUSTMENT PRICE. KO CHUNG SAM, CHIEF
AVIATION ADMINISTRATION DIVISION, KCAB, TELEPHONED
EMBOFF TO COMPLAIN THAT NWA HAD NOT NOTIFIED KCAB BEFORE
ANNOUNCING NEW RATE AND REQUESTED EMBOFF VISIT KCAB TO
DISCUSS REMOVAL OF ADJUSTMENT CHARGE.

2. ON JULY 20 EMBOFF MET WITH KO AT KCAB OFFICE. KO
STATED HE WAS "UPSET AND EMBARRASSED" BECAUSE NWA HAD
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NOT FILED SURCHARGE DISCONTINUATION NOTICE WITH KCAB

WHEREAS IT HAD FILED WHEN ADJUSTMENT CHARGE WAS APPLIED. EMBOFF REPLIED THAT NWA MANAGER EASTEP WAS NOT IN SEOUL AND KCAB SHOULD DISCUSS THIS MATTER WITH NWA STATION MANAGER HWAFFQ.

3. KO THEN ASKED IF UNILATERAL REMOVAL ADJUSTMENT CHARGE WAS VIOLATION OF BILATERAL CIVAIR AGREEMENT. HE STATED KCAB POSITION THAT "IF SECTION 11, PARAS (A) AND (B) WERE APPLICABLE, AGREEMENT WAS VIOLATED AS KCAB DID NOT RECEIVE REQUIRE 30 DAYS NOTICE. IF AGREEMENT NOT APPLICABLE, THEN EITHER PARTY IS ABLE TO SET RATES UNILATERALLY BY USE OF SIMILAR SURCHARGES." KO REQUESTED EMBOFF OBTAIN U.S. VIEWS ON HIS POSITION ASAP.

4. NWA STATION MANAGER HWANG CALLED ON KO AFTERNOON OF JULY 20 AND REPORTED KO INSISTED EXCHANGE ADJUSTMENT CHARGE BE CONTINUED. ACCORDING TO HWANG, NWA WILL CONTINUE COLLECTING ADJUSTMENT CHARGE ALL TICKETS SOLD IN KOREA UPON ORDER OF KCAB. HWANG EXPECTS TO RECEIVE LETTER OF REPRIMAND FROM KCAB FOR FAILURE TO FILE RATE CHANGE BUT FEELS NO OTHER SANCTIONS WILL BE APPLIED AT THIS TIME.

5. COMMENT: DURING MEETING WITH EMBOFF, KO REHASHED RECENT "UNPLEASANT" SITUATIONS IN U.S.-ROK CIVAIR RELATIONS, IN PARTICULAR NWA FREQUENCY SITUATION OF APRIL 1972. HE STRESSED DESIRE NOT TO BECOME INVOLVED IN SUCH SITUATION AGAIN AND LECTURED EMBOFF ON NEED FOR STRICT INTERPRETATION OF BILATERAL. END COMMENT.

6. EMBASSY REQUESTS DEPARTMENT GUIDANCE ASAP. WHETHER EXCHANGE ADJUSTMENT CHARGE IS CONSIDERED "FARE" WITHIN MEANING OF BILATERAL CAA MAY BE IMPORTANT IN ANSWERING KCAB QUESTION ON VIOLATION.
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